MINNESOTA MEDICAID § 1915(b)
Consolidated Chemical Dependency Treatment Fund
WAIVER RENEWAL REQUEST

The Minnesota Department of Human Services requests a renewal for the waivers granted under §§1902 and1915(b) of the Social Security Act for the operation of the Consolidated Chemical Dependency Treatment Fund (CCDTF). The Department requests waivers of freedom of choice and utilization review requirements to permit the continuation of various innovative, community-based health care delivery arrangements for treatment of chemical dependency and abuse. The waivers allow Minnesota to continue to provide treatment in a cost-effective manner and reduce total Medicaid costs while improving access to quality care for Medicaid recipients.

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1. WAIVER PERIOD

The Department requests a renewal for a two-year period from March 24, 2003 through March 23, 2005.

II. DESCRIPTION OF MINNESOTA'S CONSOLIDATED CHEMICAL DEPENDENCY TREATMENT FUND

On January 1, 1988, Minnesota implemented the CCDTF by combining existing state appropriations for chemical dependency (CD) rehabilitative services from the following sources: General Assistance (state funds), General Assistance Medical Care (state funds), Medicaid (federal and state funds), Regional Treatment Centers (state funds), and other state and federal grants administered by the Department of Human Services. CCDTF funding is allocated to Minnesota's county social service agencies and federally recognized tribal governments. County social service agencies and tribal governments are referred to hereafter as *localities*. The locality acts as a case manager in determining the appropriate intensity and type of CD rehabilitative services needed by a recipient so that recipients receive the most effective treatment.

"CD rehabilitative services" means a planned program of care for the treatment of chemical dependency or abuse to minimize or prevent further chemical abuse. For Medicaid eligible people, the CCDTF covers primary rehabilitative programs, outpatient rehabilitative programs, extended rehabilitative programs and transitional rehabilitative programs within the limitations of amount, duration, and scope defined in the State plan. Medicaid coverage for the services does not include payment for room and board costs except for services provided in a inpatient hospital setting.

Each county is responsible for:

1. The assessment and placement of county residents who need CD rehabilitative services;
2. The determination of financial eligibility of county residents, both for the CCDTF and the Medicaid Program; and,
3. Contracting with providers for CD rehabilitative services.

Each tribal government is responsible for:

- The assessment and placement of American Indians living on tribal land who need CD rehabilitative services;
- The determination of financial eligibility for the CCDTF of American Indians living on tribal land; and,
- Contracting with providers located on tribal land and operated by the tribe for CD rehabilitative services.

No payment for covered CD rehabilitative services is made outside this system, except through the Prepaid Medical Assistance Project (PMAP) and MinnesotaCare. Medicaid eligibles enrolled

in PMAP and MinnesotaCare receive covered CD services through their health plans[1]. No

federal Medicaid funds are used to pay for services to non-Medicaid eligibles.

In completing the assessment and placement components, each locality must follow Minnesota Rule 25, which establishes statewide criteria for placement in a CD treatment program. The assessment includes a personal interview with the recipient, collateral contacts, and review of relevant records and reports in order to make a finding regarding the extent of the chemical use problems.

The locality determines a recipient's need for a certain level of care by looking at the recipient's drug use history, demographic data, behavioral data, family information, previous treatment history, medical and/or psychological complications, legal involvement and employment status. The assessor rates the level of chemical involvement for each client based on a scale established in Rule 25.

The rating is used in determining the appropriate level of care for the client. The appropriateness of a given program is first determined by applying the criteria of Rule 25. Further considerations may include such factors as the extent of the involvement in the rehabilitative process provided for family members or significant others, the rehabilitative philosophy of the program, and the extent to which specialized services are available.

Location is also a significant factor when characteristics such as employment, family support, and aftercare needs are considered. Therefore, placement may be dependent on rehabilitative providers that meet these needs of the recipient.
Based on the Rule 25 assessment and the further considerations identified above, the locality determines the level of service (primary, outpatient, extended or transitional rehabilitative) that is required. Once the locality determines the level of care, the recipient is offered a choice of available providers.

Overall program quality will be assessed by objective standards included in the required evaluation and information system required in state rule and law, licensure reviews, and contract monitoring conducted by localities.

Providers must be licensed by the Department of Human Services under Minnesota Rule 35 or Rule 43 or be a program operated by an American Indian tribal organization that would require licensure if it were located outside federally recognized tribal lands. Providers must enroll with Minnesota's Medicaid Program as a CD rehabilitative provider by signing a provider agreement.

Localities are responsible for contracting with eligible facilities and/or programs to provide CD rehabilitative services. Localities coordinate services provided in other localities through the use of host county or tribal government agreements. The host county or tribal government agreements specify the procedures and payment rate for all placements for a specific provider. Localities are required to enter into host county or tribal government agreements with providers in their locality if another locality desires to use the providers regardless of whether the host county or tribal government intends to purchase services from those providers. Each locality is required to have available to its residents the full continuum of CD rehabilitative services covered under the State plan.

When the locality refers a recipient to a program, the locality prepares a client placement authorization (CPA). The CPA identifies the authorized service information, including the maximum number of authorized units of service, payment rate, and the maximum total payment. The CPA also includes recipient demographic and payor information. The information from the CPA is entered into the Medicaid Management Information System (MMIS) in the form of a service agreement.

Entry of this information generates a provider notification letter, containing authorized service delivery information. Providers submit claims to the Department for processing and payment on a standardized billing form called a UB-92. Only localities can make changes to a service agreement. Any change to a service agreement generates a new provider notification letter indicating changes occurred. Localities exercise their payment authorization and monitoring responsibility through MMIS reports.

Claims are processed and paid through MMIS. For claims to be paid by Medical Assistance (MA) the following criteria must meet.

- The recipient is assessed and meets Rule 25 criteria;
- The recipient is enrolled in MA;
- Services were provided by a MA enrolled provider; and,
- Services do not include room and board except as outlined above.

The locality must also determine the financial eligibility of the recipient for CCDTF. Eligibility for MA and General Assistance Medical Care must be determined by the county agency. An individual who is not eligible for MA may nevertheless be eligible for CCDTF services if they meet the CCDTF income standard.

All Medicaid recipients are afforded advance notice of negative actions and of their right to a fair hearing in accordance with regulation federal Medicaid requirements.

III. §1915(b) Waivers Requested

1. §1915(b)(1) Specialty services arrangement.

Minnesota seeks to continue a specialty services arrangement that allows the locality,

Minnesota's localities, to act as case managers to assist chemically dependent recipients in accessing the most appropriate and cost-effective CD rehabilitative services. The locality determines the appropriate level of service based on a Rule 25 assessment of the recipients health status and needs.

2. § 1915(b)(4) Freedom of choice.
Minnesota seeks to continue to restrict recipients to specific CD rehabilitative providers. Minnesota law requires that recipients obtain CD rehabilitative services only from specified licensed providers determined by localities through contracts.

IV § 1902 Waivers Requested

3. §1902(a)(23) Freedom of choice.
Minnesota seeks to continue to restrict recipients to specific CD rehabilitative providers. Minnesota law requires that recipients obtain CD rehabilitative services only from specified licensed providers determined by localities through contracts.

4. §1902(a)(30) Utilization review.
Minnesota seeks to continue a waiver of the utilization review requirements established for inpatient hospital services in the State plan. This waiver is necessary to allow the locality to determine the medical necessity of CD rehabilitative services based on a statewide assessment tool developed specifically for CD rehabilitative services covered under the CCDTF (Rule 25).

V. NECESSITY AND REASONABLENESS FOR WAIVER REQUESTS

In 1986, the Minnesota Legislature enacted legislation for the January 1, 1988 implementation of a statewide Consolidated Chemical Dependency Treatment Fund (CCDTF) to allow CD

rehabilitative services to be provided to recipients in the most appropriate, cost-effective manner. The CCDTF allows localities to establish cost-effective contracts with community programs, both hospital and non-hospital based, to provide the appropriate level of service to low-income clients.

Minnesota Statutes, chapter 254B authorizes the Department to seek federal waivers to secure federal participation in this cost containment initiative. The current waiver expires March 23, 2003. Therefore, renewal of the waiver is necessary to continue to provide CD rehabilitative services to Medicaid recipients through the CCDTF.

The operation of the CCDTF requires that the locality case manage clients who have chemical abuse or dependency treatment needs, to assure access to the most appropriate, cost-effective CD rehabilitative services. In order to adequately and consistently case manage, it is reasonable and necessary for the locality to restrict recipients to specified licensed substance abuse providers.

The Rule 25 assessment defines the appropriate level of CD rehabilitative service required by each assessed client. The Rule 25 criteria determines if a client should appropriately receive: (1) primary rehabilitative services in either a hospital or free standing setting; or (2)outpatient services; or (3) extended rehabilitative services; or (4) transitional rehabilitative services. The locality directs the client to the appropriate type of rehabilitative service. If the most appropriate service for the recipient is a non-MA provider, the recipient may choose to waive participation in the MA program and receive service from the non-MA provider.

The locality restricts recipients to providers under contract. The recipient will not have the choice of entering an acute care hospital-based inpatient rehabilitative program if the locality chooses to utilize a more cost-effective contract with a free-standing inpatient program. In addition, recipients will not be allowed to enter “Hospital A” for acute care based primary

rehabilitative services, if the locality has a more-cost-effective contract with "Hospital B."

Payment for CD rehabilitative services under the federal waiver will not exceed the cost of CD services that would have been provided without the waiver.

For the CCDTF project to continue its success, a waiver of the identified provisions of §§1902 and 1915 must be renewed. The locality must have the ability to approve or deny coverage of CD rehabilitative service under the program.

VI. ACCESS UTILIZATION CONTROL, QUALITY CONTROL, AND PAYMENT STANDARDS.

5. Access

Each locality contracts with eligible providers to provide rehabilitative services through the CCDTF. The locality is required to contract with a number of providers sufficient to adequately provide reasonable access to quality services. Providers must agree to provide covered services under the terms of their contract to any Medicaid recipient authorized by the locality to obtain CD rehabilitative services.

The locality has the authority to restrict recipients to a specific provider as long as that provider is capable of providing the appropriate level of service. The intent is to restrict rehabilitative providers, except for emergency care, in order to assure quality, appropriateness of treatment, and cost-effectiveness.

The Department of Human Services Division of Performance Measurement and Quality Improvement (PMQI) completed an evaluation of the waiver for 1999 and 2000. That evaluation, titled *"Effects of the Federal Medicaid Waiver in Minnesota on Chemical Dependency Access to Care, Quality of Care and Treatment Outcomes for Medicaid-Eligible Patients 1999-2000,"* is included in the renewal as Attachment A.

6. Utilization and quality control.

Medicaid CD rehabilitative providers must meet State plan requirements and agree to comply with applicable Medicaid regulations regarding utilization control and quality of care; except that CD rehabilitative services provided in an inpatient hospital are not subject to the admission certification requirements established under the State plan. Rule 25 governs admission criteria. In addition, all providers must demonstrate the ability to operate efficiently, must meet applicable state or tribal government licensure, and must have a contract with the locality. There are no restrictions imposed that discriminate among the classes of providers on grounds unrelated to their demonstrated effectiveness and efficiency in providing the services. All applicable Minnesota Rules require that providers and localities have procedures for accepting, processing, and responding to recipient grievances.

7. Payment

To receive payment, a provider must be enrolled as a Medicaid CD rehabilitative services provider, and services must be provided in accordance with this waiver.

Providers must participate in the state generated Drug and Alcohol Abuse Normative Evaluation System (DAANES) or a comparable system for gathering data pertaining to CD rehabilitative services.

Providers must agree to accept the payment rates established in the contracts as payment in full. This payment does not include room and board costs except for services provided in an inpatient hospital.

D. Contracts

Selection of vendors under the CCDTF is a responsibility of the locality. The locality contracts

with qualified providers of and establishes payment rates.

Minnesota Rules 25, 35, and 43 govern provider qualifications, quality, and payment. All contracts are required to meet the criteria established in 42 CFR 434. Localities choose among eligible providers at each level of care based upon appropriateness, location, cost-effectiveness, efficiency, and client needs.

Localities coordinate with other localities through the use of host county or tribal government agreements. The host county or tribal government agreements specify the procedures and reimbursement mechanism for placements within another locality. Localities are required to enter into host county or tribal government agreements with providers in their county or tribal government if another locality desires to use the providers, regardless of whether the host county or tribal government intends to purchase services from those providers. Each locality is required to have available to its residents the full continuum of CD rehabilitative services covered under the State plan.

VII. COST EFFECTIVENESS OF THE CONSOLIDATED CHEMICAL DEPENDENCY TREATMENT FUND PROJECT.

Attachment B shows actual costs for CY 1999 and CY 2000.
Attachment C shows aggregate claims data for the past two years.
Attachment D shows projected cost-effectiveness for the next two year.